

Dear Mr. Secretary:

I hereby transmit House File 2395, an Act relating to public expenditure and regulatory matters and making supplemental and other appropriations for the fiscal year beginning July 1, 1997, and subsequent fiscal years, and providing effective dates.

House File 2395 is, therefore, approved on this date with the following exception, which I hereby disapprove.

I am unable to approve the designated portion of Section 12, subsection 4. This item would appropriate unspent fiscal year 1995 lottery funds for operating and testing costs of the state-federal animal health laboratory. It is inappropriate to use one-time funding for ongoing operational expenses.

For the above reason, I hereby respectfully disapprove this item in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 2395 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, Governor

CHAPTER 1224

APPROPRIATIONS — STATE GOVERNMENT TECHNOLOGY AND OPERATIONS

S.F. 2418

AN ACT relating to state government technology and operations, by making and relating to appropriations to the Iowa communications network for the connection and support of certain Part III users, making appropriations to various entities for other technology-related purposes, providing for the procurement of information technology, establishing the IowAccess system, providing for the use of the network, making miscellaneous related changes, and providing effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

ICN APPROPRIATIONS

Section 1. **TREASURER OF STATE.** There is appropriated from the general fund of the state to the treasurer of state for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For debt service:

..... \$ 12,782,000

Funds appropriated in this section shall be deposited in a separate fund established in the office of the treasurer of state, to be used solely for debt service for the Iowa communications network. The Iowa telecommunications and technology commission shall certify to the treasurer of state when a debt service payment is due, and upon receipt of the certification the treasurer shall make the payment. The commission shall pay any additional amount due from funds deposited in the Iowa communications network fund.

Sec. 2. PART III NETWORK COSTS — SUBSIDIZATION FUND.

1. There is appropriated from the general fund of the state to the Iowa telecommunications and technology commission for the fiscal year beginning July 1, 1998, and ending

June 30, 1999, the following amounts, or so much thereof as is necessary, to be used for the purposes designated in this subsection:

a. For the subsidization of operations of the network as a result of charging authorized users video rates which generate less revenue than necessary to cover associated costs of the network, and consistent with chapter 8D:

..... \$ 3,735,000

b. For the transfer of 2.00 FTEs from the public broadcasting division of the department of education to the Iowa telecommunications and technology commission:

..... \$ 35,134

2. Funds appropriated in subsection 1 shall be deposited in an Iowa communications network operations account established as a separate account in the office of the treasurer of state. Funds deposited in this account shall be under the control of and used by the Iowa telecommunications and technology commission for the operational costs associated with the network.

3. Notwithstanding section 8.33 or 8.39, any balance remaining from the appropriation in this section shall not revert to the general fund of the state but shall remain in the Iowa communications network operations account and be available for expenditure during the subsequent fiscal year for the same purpose, and shall not be transferred to any other program.

4. Notwithstanding any contrary provisions, all receipts collected for sales and services provided by the network shall be deposited in the Iowa communications network operations account.

*5. a. Except as provided in paragraph "b", the commission shall not expend funds from the Iowa communications network operations account in excess of \$32,000,000 for the fiscal year beginning on July 1, 1998, and ending June 30, 1999.

b. (1) Notwithstanding paragraph "a", if an amount up to \$4,000,000 is deposited pursuant to section 6 of this Act into the Iowa communications network operations account in excess of the \$32,000,000 limitation, the commission shall expend such funds for the replacement of optical components of the network as provided in section 6, subsection 3, paragraph "m", of this Act.

(2) Notwithstanding paragraph "a", if any amount is deposited into the Iowa communications network operations account, or appropriated to the Iowa telecommunications and technology commission or to the network, pursuant to any other Act enacted by the general assembly during the 1998 regular session, the commission may expend such funds only for the purpose designated in such Act.

(3) Notwithstanding paragraph "a", if any amount is deposited into the Iowa communications network operations account from a federal grant or other federal source for a specific purpose, the commission may expend such funds only for the purpose designated for such funds.

(4) Notwithstanding paragraph "a", amounts expended by the commission for the purchase of equipment on behalf of other state agencies or departments which are reimbursed by such state agency or department shall not be included in the total for purposes of the expenditure limit established in paragraph "a". The commission shall file a report electronically within 15 days of the end of each calendar quarter which shall include amounts expended during such calendar quarter by the commission as identified in this subparagraph. The report shall include information relating to each state agency or department for which such equipment was purchased, the equipment purchased, the cost of such equipment, and the amount received from the state agency or department as reimbursement for such purchases. The reports shall be filed electronically with the legislative fiscal bureau, with the initial report filed on or before October 30, 1998, for the calendar quarter beginning July 1, 1998.*

6. The staff of the Iowa telecommunications and technology commission shall establish budget units and accounts using the state budget system and the Iowa finance and accounting system as determined jointly by the department of management and the legislative fiscal bureau.

* Item veto; see message at end of the Act

Sec. 3. LEGISLATIVE COUNCIL. There is appropriated from the general fund of the state to the legislative council for use by the legislative oversight committee for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

..... \$ 75,000

The legislative oversight committee shall use funds appropriated in this section to retain a consultant to study and review potential options related to the disposition of the Iowa communications network, and potential options related to a change in the management structure of the network, including but not limited to, the privatization of all or a portion of the management functions of the network. For purposes of this study, the consultant shall assume that such disposition or change in management structure shall not occur until such time as the build-out of Part III is complete. The consultant shall provide a written final report to the general assembly no later than January 11, 1999. The co-chairpersons of the committee are authorized to appoint an advisory committee composed of members as deemed appropriate by the co-chairpersons to assist the consultant as appropriate. The study authorized in this section shall also include, but not be limited to, a determination as to the appropriate number of Iowa communications network classrooms which should be established per capita.

Sec. 4. PUBLIC BROADCASTING. There is appropriated from the general fund of the state to the public broadcasting division of the department of education for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purposes designated in subsections 1 and 2 and for the following full-time equivalent positions:

..... \$ 2,312,853
..... FTEs 9.00

1. Of the amount appropriated, \$454,661 shall be expended by the public broadcasting division of the department of education to provide support for functions related to the network, including but not limited to the following functions: scheduling for video classrooms; development of distance learning applications; development of a central information source on the Internet relating to educational uses of the network; second-line technical support for network sites; testing and initializing sites onto the network; and coordinating the work of the education telecommunications council.

2. Of the amount appropriated, \$1,858,192 shall be allocated by the public broadcasting division of the department of education to the regional telecommunications councils established in section 8D.5. The regional telecommunications councils shall use the funds to provide technical assistance for network classrooms, planning and troubleshooting for local area networks, scheduling of video sites, and other related support activities.

Sec. 5. DEPARTMENT OF GENERAL SERVICES. There is appropriated from the general fund of the state to the division of information technology services of the department of general services for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the purpose of providing information technology services to state agencies and for the following full-time equivalent positions:

..... \$ 4,660,013
..... FTEs 158.00

One of the full-time equivalent positions appropriated for in this section relates to the transition of personnel services contractors to full-time equivalent positions. The merit system provisions of chapter 19A and the provisions of the collective bargaining agreements entered into between the state and the respective union or bargaining unit shall not govern movement into this full-time equivalent position until September 1, 1998.

*Sec. 6. DIVISION OF INFORMATION TECHNOLOGY SERVICES HEAD — SENATE CONFIRMATION. Notwithstanding any contrary provision, the individual appointed by the

* Item veto; see message at end of the Act

director of the department of general services as the head of the division of information technology services in the department shall be subject to senate confirmation.*

Sec. 7. REVERSION TECHNOLOGY INITIATIVES ACCOUNT.

1. A reversion technology initiatives account is established in the office of the treasurer of state under the control of the division of information technology services of the department of general services and for the purpose of supporting various technology programs as provided in this section.

Notwithstanding the distribution formula contained in section 8.62 for an operational appropriation which remains unexpended or unencumbered for the fiscal year beginning July 1, 1997, 75 percent of the unexpended or unencumbered moneys subject to section 8.62 are appropriated to the reversion technology initiatives account. The remaining 25 percent of such moneys shall remain with the entity to which the operational appropriation was made. Notwithstanding section 8.33, for an appropriation other than an operational appropriation as provided in section 8.62 which remains unencumbered for the fiscal year beginning July 1, 1997, 100 percent of the unexpended or unencumbered moneys are appropriated to the reversion technology initiatives account.

2. Moneys in the reversion technology initiatives account are allocated, to the extent available, in the descending priority order for use during the fiscal year beginning July 1, 1998, and ending June 30, 1999, as follows:

- a. To the department of human services for a welfare reform systems development:

	\$ 1,000,000
--	--------------
- b. To the department of human services for a child support recovery systems development:

	\$ 1,131,976
--	--------------
- c. To the department of workforce development for an integrated information system:

	\$ 2,513,000
--	--------------
- d. To the department of education for a teacher examiners records imaging system:

	\$ 475,000
--	------------
- e. To the department of corrections for ICN connections at Newton and Fort Dodge:

	\$ 600,000
--	------------
- f. To Iowa public television to begin the digital television broadcasting conversion:

	\$ 2,000,000
--	--------------

Notwithstanding section 8.33, moneys allocated to Iowa public television in this paragraph which remain unobligated or unexpended at the close of the fiscal year shall not revert to the general fund of the state but shall remain available for the purpose designated in this paragraph in the succeeding fiscal year.

g. To the department of economic development for a sustaining first stop business/licensing center pilot project:

- | | |
|--|------------|
| | \$ 100,000 |
| h. To the department of education for an electronic data exchange: | \$ 500,000 |

If the funds available for this allocation are insufficient, there is appropriated from the school improvement and technology fund to the department of education \$230,000 to continue pilot projects.

i. To the department of revenue and finance for a sustaining tax and wage reporting system (STAWRS):

- | | |
|---|--------------|
| | \$ 125,000 |
| j. To the department of revenue and finance for a remittance processing system: | \$ 1,500,000 |
| k. To the department of revenue and finance for telefiling of tax returns: | \$ 150,000 |
| l. To the state board of regents for technology improvement: | \$ 450,000 |

* Item veto; see message at end of the Act

m. To the Iowa communications network operations account for use by the Iowa telecommunications and technology commission only for the replacement of optical components of the network which become unusable and which are necessary for the continued operation and use of the network:

..... \$ 4,000,000

The commission, prior to obligating any funds under this paragraph, shall submit the proposed expenditure to the legislative oversight committee of the legislative council for review and approval. The commission, in submitting such proposal, shall also make a recommendation as to whether such replacement optical components should be purchased, leased, or procured in some other manner, in an effort to minimize the cost to the state.

n. To the department of workforce development for a sustaining community resource directory pilot project:

..... \$ 178,000

o. To the department of human rights for the division of criminal and juvenile justice for a justice data analysis/warehouse project:

..... \$ 175,000

p. To the department of inspections and appeals for the office of public defender for an indigent defense claims processing redesign project:

..... \$ 75,000

q. To the department of human services for an institutional central area network:

..... \$ 1,181,400

r. To the department of general services for a purchasing system:

..... \$ 2,500,000

s. To the department of public defense for a preventive maintenance system:

..... \$ 50,000

t. To the department of public health for a telephone verification system:

..... \$ 400,000

u. To the department of human services for a family and children's services (FACS) and statewide tracking of abuse reports (STAR) system upgrades:

..... \$ 265,750

3. Effective July 1, 1999, the division of information technology in the department of general services shall not deposit any additional moneys into the reversion technology initiatives account, unless reauthorized to do so by the general assembly during the 1999 regular session. Funds allocated to a project pursuant to this section which are encumbered prior to July 1, 1999, may be spent for the specified purpose as provided in this Act. Funds which are allocated but unencumbered as of July 1, 1999, shall revert to the general fund.

4. The department of management, in cooperation with the information technology services division of the department of general services, shall develop a standard budget request form for technology or business reengineering projects. A department requesting funding for projects which will cost more than \$100,000 shall use the request form. The form shall require consistent reporting criteria including, but not limited to, project description, project goals, project performance measures, return on investment, cost, time frame, funding sources, and customer base.

Sec. 8. YEAR 2000 REPORTING.

1. Every department, institution under the control of the board of regents, and office of a statewide elected official, other than the governor, shall report monthly on forms as provided by the year 2000 program office on the progress of such department, regents institution, or office in implementing century date change programming. Such reports shall be submitted to the legislative oversight committee, the legislative fiscal bureau, and the year 2000 program office.

2. The judicial department shall report monthly on forms as provided by the year 2000 program office on the progress of the department in implementing century date change programming. Such report shall be submitted to the legislative oversight committee.

* Item veto; see message at end of the Act

3. The computer support bureau shall report monthly on forms as provided by the year 2000 program office on the progress of the bureau in implementing century date change programming. Such report shall be submitted to the legislative oversight committee.

Sec. 9. YEAR 2000 PROGRESS AUDIT. The legislative council shall initiate a progress audit concerning the implementation of century date change programming. The legislative council shall retain a person knowledgeable in the area of century date change programming to conduct the progress audit and such person shall not be associated with or performing any tasks under the direction of the department of management, the year 2000 program office, or any other state agency. The person retained to conduct the progress audit shall provide a written report to the legislative council on or before November 1, 1998, including the results of the audit and any information as deemed necessary by the legislative council.

Sec. 10. PROHIBITION ON PRIVATIZATION OF IOWACCESS. Notwithstanding any contrary provision, the IowAccess system for providing electronic access to government records, if enacted by the Seventy-seventh General Assembly, 1998 Regular Session, shall not be privatized, if at all, prior to February 1, 1999, and shall remain under the direction and control of the appropriate state agency, as provided in such enactment.

**Sec. 11. NEW SECTION. 18.181 IOWACCESS ADVISORY COUNCIL.*

1. An IowAccess advisory council is created within the division of information technology services of the department. At a minimum, the advisory council shall be composed of all of the following:

a. A person appointed by the legislative council, who may be a member or a staff member of the general assembly, designated to represent the general assembly.

b. The chief justice of the supreme court or the chief justice's designee to represent the judicial branch.

c. The director of the department of management or the director's designee.

d. The auditor of state or the auditor's designee.

e. (1) Seven individuals to be appointed as follows:

(a) Three members appointed by the governor.

(b) Two members appointed by the majority leader of the senate in consultation with the minority leader of the senate.

(c) Two members appointed by the speaker of the house of representatives in consultation with the majority and minority leaders of the house of representatives.

(2) Members appointed pursuant to subparagraph (1) shall include the following:

(a) One member representing financial institutions who shall be actively engaged in finance and banking.

(b) One person representing insurers who shall be actively engaged in the insurance industry.

(c) One person representing attorneys who shall be actively engaged in the profession of law.

(d) One person representing media interests.

(e) One person representing cities who shall be actively engaged in the administration of a city.

(f) One person representing counties who shall be actively engaged in the administration of a county.

(g) One person with technical expertise who shall provide guidance and advice on the status of technology and anticipated technological developments.

(3) A person appointed pursuant to this paragraph shall not directly or indirectly have a conflict of interest.

f. Other heads of agencies or elected officials or their designees as well as other representatives of the public, business, and industry as determined by the director of the division of information technology services.

* Item veto; see message at end of the Act

2. Persons appointed by the director of the division of information technology services shall be selected from a list of candidates nominated by interested organizations consulted by the director.

3. Appointed members shall serve three-year terms beginning and ending as provided in section 69.19. An appointed member is eligible for reappointment to one additional three-year term. A vacancy on the board shall be filled for the unexpired portion of the regular term in the same manner as regular appointments are made.

4. The advisory council shall meet not less than four times annually, and may meet more frequently at the call of the chairperson or upon written request of six or more members to the chairperson. The chairperson shall call a meeting of the council at least once every three months. The advisory council shall annually select a chairperson from among its members.*

*Sec. 12. NEW SECTION. 18.182 POWERS AND DUTIES OF THE IOWACCESS ADVISORY COUNCIL.

The director of the division of information technology services shall seek the advice of the advisory council regarding all of the following:

1. Developing a process for reviewing and establishing priorities for implementation of electronic access to government records.

2. Establishing priorities for implementing electronic access to government records.

3. Establishing priorities for implementing electronic transactions involving government agencies and members of the public.

4. Budgeting, funding, and operating expenses related to developing, implementing, and maintaining electronic access to government records.

5. Reviewing, inspecting, and evaluating the technology and financial audits as required in section 18.185, for the purpose of recommending program improvements, efficiencies, and priorities to the division of information technology services.

6. Reviewing the basis of all charges and fees to the public for accessing government records electronically to ensure that the charges do not exceed the reasonable cost of providing a public record as provided in section 22.3A.

7. Reviewing requests for proposals, proposals, and contracts which involve the management and operation of the IowAccess network by a private entity.

8. Monitoring privacy and confidentiality of public records which are accessed electronically.*

Sec. 13. NEW SECTION. 18.183 POWERS AND RESPONSIBILITIES VESTED IN INDIVIDUAL GOVERNMENT AGENCIES.

1. The government agency that is the lawful custodian of a public record shall be responsible for determining whether a record is required by state statute to be confidential. The transmission of a record by a government agency by use of electronic means established, maintained, or managed by the division of information technology services shall not constitute a transfer of the legal custody of the record from the individual government agency to the division of information technology services or to any other person or entity.

2. The division of information technology services shall not have authority to determine whether an individual government agency should automate records of which the individual government agency is the lawful custodian. However, the division may encourage governmental agencies to implement electronic access to government records as provided in section 18.182.

3. A government agency shall not limit access to a record by requiring a citizen to receive the record electronically as the only means of providing the record. A person shall have the right to examine and copy a printed form of a public record as provided in section 22.2, unless the public record is confidential.

4. A person who contracts with a government agency to provide access or disseminate public records by electronic or other means shall pay the same fee which would be charged to the public under chapter 22 for any public record that is in any manner utilized by the person in a venture that is not part of the contract with the government agency.

* Item veto; see message at end of the Act

Sec. 14. NEW SECTION. 18.184 FINANCIAL TRANSACTIONS.

1. The division of information technology services shall collect moneys paid to participating governmental entities from persons who complete an electronic financial transaction with the governmental entity by accessing the lowAccess network. The moneys may include all of the following:

- a. Fees required to obtain an electronic public record as provided in section 22.3A.
- b. Fees required to process an application or file a document, including but not limited to fees required to obtain a license issued by a licensing authority.
- c. Moneys owed to a governmental entity by a person accessing the lowAccess network in order to satisfy a liability arising from the operation of law, including the payment of assessments, taxes, fines, and civil penalties.

2. Moneys transferred using the lowAccess network may include amounts owed by a governmental entity to a person accessing the lowAccess network in order to satisfy a liability of the governmental entity. The moneys may include the payment of tax refunds, and the disbursement of support payments as defined in section 252D.16 or 598.1 as required for orders issued pursuant to section 252B.14.

3. The division of information technology services shall serve as the agent of the governmental entity in collecting moneys for receipt by governmental entities. The moneys shall be transferred to governmental entities directly or to the treasurer of state for disbursement to governmental entities as required by the treasurer of state in cooperation with the auditor of state.

4. In addition to other forms of payment, credit cards shall be accepted in payment for moneys owed to a governmental entity as provided in this section, according to rules which shall be adopted by the treasurer of state. The fees to be charged shall not exceed those permitted by statute. A governmental entity may adjust its fees to reflect the cost of processing as determined by the treasurer of state. The discount charged by the credit card issuer may be included in determining the fees to be paid for completing a financial transaction under this section by using a credit card.

Sec. 15. NEW SECTION. 18.185 AUDITS REQUIRED.

A technology audit of the electronic transmission system by which government records are transmitted electronically to the public shall be conducted not less than once annually for the purpose of determining that government records and other electronic data are not misappropriated or misused by the division of information technology services or a contractor of the division. A financial audit shall be conducted not less than once annually to determine the financial condition of the division of information technology services and to make other relevant inquiries.

Sec. 16. NEW SECTION. 18.186 CREDIT CARDS ACCEPTED.

In addition to other forms of payment, credit cards may be accepted in payment for any fees, including but not limited to interest, penalties, subscriptions, registrations, purchases, applications, licenses, permits, or other filings transmitted or transactions conducted electronically. The fees to be charged shall not exceed those permitted by statute, except that the discount charged by the credit card issuer may be included in determining the fee to be charged for records transmitted or transactions conducted electronically.

Sec. 17. Section 22.2, subsection 1, Code 1997, is amended to read as follows:

1. Every person shall have the right to examine and copy a public records record and to publish or otherwise disseminate a public records record or the information contained therein in a public record. Unless otherwise provided for by law, the right to examine a public record shall include the right to examine a public record without charge while the public record is in the physical possession of the custodian of the public record. The right to copy a public records record shall include the right to make photographs or photographic copies while the records are public record is in the possession of the custodian of the records public record. All rights under this section are in addition to the right to obtain a certified copies copy of records a public record under section 622.46.

Sec. 18. Section 22.3A, subsection 2, paragraph a, Code 1997, is amended to read as follows:

a. If access to the data processing software is provided to a person solely for the purpose of accessing a public record, the amount shall be not more than that required to recover direct publication costs, including but not limited to editing, compilation, and media production costs, incurred by the government body in developing the data processing software, and preparing the data processing software for transfer to the person. The amount shall be in addition to any other fee required to be paid under this chapter for the examination and copying of a public record. If a person requests the reproduction of a public record stored in an electronic format that does not require formatting, editing, or compiling to reproduce the public record, the charge for providing the reproduced public record shall not exceed the reasonable cost of reproducing and transmitting that public record. The government body shall, if requested, provide documentation which explains and justifies the amount charged. This paragraph shall not apply to any publication for which a price has been established pursuant to another section, including section 7A.22.

Sec. 19. FUNDING FOR IOWACCESS. Notwithstanding section 321A.3, subsection 1, for the fiscal year beginning July 1, 1998, in an amount not to exceed four hundred thousand dollars, up to one dollar of each five dollar transaction shall be transferred to the division of information technology services of the department of general services for the purposes of developing, implementing, maintaining, and expanding electronic access to government records in accordance with the requirements as set forth in chapter 18, division VII. For fiscal years beginning on or after July 1, 1999, funding for the purposes of developing, implementing, maintaining, and expanding electronic access to government records in accordance with the requirements as set forth in chapter 18, division VII, shall be provided through the general assembly's appropriation process and the department of general services shall include a line item request for such funding in the department's annual budget request.

Notwithstanding section 8.33, unobligated and unencumbered funds remaining at the end of a fiscal year shall not revert to the general fund of the state, but rather shall remain to be used in subsequent fiscal years for the purposes authorized in chapter 18, division VII.

Sec. 20. IOWACCESS INTENT. It is the intent of the general assembly that the IowaAccess advisory council, established in this Act, review the performance of a vendor acting as a network manager at intervals not to exceed five years.

Sec. 21. IOWACCESS CODIFICATION. The Code editor shall codify the amendments to chapter 18 in this Act as division VII of chapter 18.

Sec. 22. 1997 Iowa Acts, chapter 209, section 2, subsections 1 and 2, are amended to read as follows:

1. For state acquisition in accordance with the competitive bidding requirements of this section and as a condition of the appropriation made in this subsection of new devices, equipment, or systems that are date or time sensitive, and information technology hardware and software which already includes the century date change programming and which achieves additional purposes in replacing state hardware, ~~and software, and devices, equipment, or systems that are date or time sensitive~~ for which the century date change programming or other related corrective action is required:

..... \$ 2,000,000

Moneys appropriated in this subsection shall be used for the purpose designated and notwithstanding section 8.39 are not subject to transfer or use for any other purpose, except that moneys remaining after the purchase of such hardware and software may be used for the purposes designated in subsection 2.

2. For the costs of century date change programming or other related corrective action in existing state devices, equipment, or systems and information technology software that are

* Item veto; see message at end of the Act

date or time sensitive to the century date change when state acquisition of new information technology hardware, ~~and software, and devices, equipment, or systems~~ that are date or time sensitive which already includes the century date change programming and which achieves additional purposes to incorporate the century date change, is not cost effective, provided the programming or other related corrective action is acquired in accordance with the competitive bidding requirements of this section and as a condition of the appropriation made in this subsection:

..... \$ 3,000,000

Moneys appropriated in this subsection shall be used for the purpose designated and notwithstanding section 8.39 are not subject to transfer or use except for the purposes of additional acquisitions under subsection 1.

The department shall not enter into a contract or any other obligation for the purpose of addressing the need for century date programming or other corrective action related to devices, equipment, or systems that are date or time sensitive to the century date change which would require the need for funding in excess of the amount appropriated in this section. The department shall utilize, to the greatest extent possible, students and other knowledgeable persons connected with Iowa's colleges and universities in developing or acquiring hardware, software, and programming funded under this section. Otherwise, any acquisition for the purposes described in this section is subject to competitive bidding requirements in rule adopted under law and in accordance with the requirements of this section. In order to maintain maximum open and free competition among bidders, an eligible bidder shall have been organized or doing business prior to January 1, 1997. In addition, an eligible bidder shall not have a relationship with the state for assessment of bids or for preparation of a request for proposals under this section. A bidder with an actual or organizational conflict of interest shall be disqualified. A bidder shall be considered to have a conflict of interest if the organization, or a parent, subsidiary, or affiliated organization, of which the bidder is a shareholder, partner, limited partner, or member, has a conflict of interest. A bidder shall provide assurances of compliance with the requirements of this paragraph at the time of submitting a bid or proposal for any acquisition ~~for the purposes of information technology hardware, software, or programming~~ described in this section.

Notwithstanding section 8.33, moneys appropriated in this section which remain unexpended or unencumbered at the close of the fiscal year shall not revert to the general fund of the state but shall remain available to be used for the purposes designated until the close of the fiscal year beginning July 1, 1999.

Sec. 23. 1997 Iowa Acts, chapter 210, section 2, subsection 1, paragraph b, is amended to read as follows:

b. There is appropriated from the rebuild Iowa infrastructure fund created in section 8.57, subsection 5, to the Iowa communications network fund under the control of the Iowa telecommunications and technology commission for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the connection of Part III authorized users as determined by the commission and communicated to the general assembly:

..... \$ 17,704,000
18,904,000

Notwithstanding section 8.33, moneys appropriated in this section which remain unobligated or unexpended at the close of the fiscal year shall not revert to the general fund of the state but shall remain available for the fiscal year beginning July 1, 1999, and ending June 30, 2000, for the purpose of completing the connections of Part III authorized users as approved by the general assembly, whether or not such users were part of the Part III contracts executed in 1995. However, the commission shall only add a new site which was not part of the 1995 contract relating to Part III connections upon the withdrawal of a site included under such contract.

Notwithstanding any contrary provision, the commission shall not permit any new connections to the network after June 30, 1999, except for a connection where the construction associated with such connection has commenced on or before June 30, 1999.

The commission is authorized for no more than 100 full-time equivalent positions.

Fifteen of the full-time equivalent positions appropriated for in this section relate to the transition of personnel services contractors to full-time equivalent positions. The merit system provisions of chapter 19A and the provisions of the collective bargaining agreements entered into between the state and the respective union or bargaining unit shall not govern movement into these full-time equivalent positions until September 1, 1998.

Sec. 24. 1997 Iowa Acts, chapter 210, section 2, subsection 1, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. The Iowa telecommunications and technology commission is authorized to use Part III funding to convert any leased analog circuit to a leased DS-3 circuit for a Part III site when the existing contract vendor agrees to upgrade the service.

Sec. 25. 1997 Iowa Acts, chapter 210, section 10, subsection 1, unnumbered paragraph 1, is amended to read as follows:

The department of general services shall establish a reversion incentive program fund for purposes of supporting the implementation of century date change programming and other corrective action related to devices, equipment, or systems that are date or time sensitive to the century date change, and shall be funded as follows:

Sec. 26. 1997 Iowa Acts, chapter 210, section 10, subsection 1, paragraph e, is amended to read as follows:

e. An agency expending moneys from the fund for implementing century date change programming and other corrective action related to devices, equipment, or systems that are date or time sensitive to the century date change and which receives moneys from another source, including but not limited to the United States government, for the same purpose shall deposit an amount equal to the amount received from the other source into the general fund of the state up to the amount expended from the fund.

Sec. 27. 1997 Iowa Acts, chapter 210, section 10, subsection 1, is amended by adding the following new paragraph:

NEW PARAGRAPH. g. Notwithstanding other provisions of this section, the year 2000 program office, from funds appropriated to the reversion incentive program fund provided in this section, shall conduct an initial year 2000 compliance assessment of each office of a statewide elected official other than the office of the governor and the lieutenant governor.

Sec. 28. 1997 Iowa Acts, chapter 210, section 10, subsection 2, unnumbered paragraph 1, is amended to read as follows:

The department shall not enter into a contract or any other obligation for the purpose of addressing the need for century date programming or other corrective action related to devices, equipment, or systems that are date or time sensitive to the century date change which would require the need for funding in excess of the amount appropriated in this section. The department shall utilize, to the greatest extent possible, students and other knowledgeable persons connected with Iowa's colleges and universities in developing or acquiring hardware, software, and programming funded under this section. Otherwise, any acquisition for the purposes described in this section is subject to competitive bidding requirements in rule adopted under law and in accordance with the requirements of this section. In order to maintain maximum open and free competition among bidders, an eligible bidder shall have been organized or doing business prior to January 1, 1997. In addition, an eligible bidder shall not have a relationship with the state for assessment of bids or for preparation of a request for proposals under this section. A bidder with an actual or organizational conflict of interest shall be disqualified. A bidder shall be considered to

have a conflict of interest if the organization, or a parent, subsidiary, or affiliated organization, of which the bidder is a shareholder, partner, limited partner, or member, has a conflict of interest. A bidder shall provide assurances of compliance with the requirements of this paragraph at the time of submitting a bid or proposal for any acquisition ~~for the purposes of information technology hardware, software, or programming~~ described in this section.

Sec. 29. EFFECTIVE DATE. Sections 7, 8, 22, 23, 24, 25, 26, 27, and 28, and this section of this Act, being deemed of immediate importance, take effect upon enactment.

Approved May 21, 1998, except the items which I hereby disapprove and which are designated as Section 2, subsections 5 and 6, in their entirety; Section 6, in its entirety; that portion of Section 7, subsection 2(m), which is herein bracketed in ink and initialed by me; Section 7, subsection 3, in its entirety; Sections 9, 10, 11, and 12, in their entirety; Section 20, in its entirety; and that portion of Section 23 which is herein bracketed in ink and initialed by me. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

Dear Mr. Secretary:

I hereby transmit Senate File 2418, an Act relating to state government technology and operations, by making and relating to appropriations to the Iowa Communications Network for the connection and support of certain Part III users, making appropriations to various entities for other technology-related purposes, providing for the procurement of information technology, establishing the IowAccess system, providing for the use of the network, making miscellaneous related changes, and providing effective dates.

Senate File 2418 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 2, subsection 5, in its entirety. This item relates to an overall level of expenditure by the Iowa Communications Network (ICN) of \$32 million for fiscal year 1999. This \$32 million represented the ICN's best estimate of total demand for services for fiscal year 1999 at the time the budget request was initially formulated. However, the total level of demand cannot be predicted with precision, and therefore designating this expenditure level could adversely affect the ICN's ability to serve the needs of authorized users.

I am unable to approve the item designated as Section 2, subsection 6, in its entirety. This item directs the ICN to establish budget units and accounts as directed jointly by the Department of Management and the Legislative Fiscal Bureau. The ICN will work with the Bureau and the Department to provide financial information needed for decision making and oversight. However, final determination should be an executive branch prerogative.

I am unable to approve the item designated as Section 6, in its entirety. This item would subject the head of the Division of Information Technology Services to Senate confirmation. When the General Assembly acts to create a statutory office of information technology services, as I have recommended, it would be appropriate for the director to be subject to Senate confirmation.

I am unable to approve the designated portion of Section 7, subsection 2m. This item relates to the submission by the ICN of any proposed expenditure of the \$4,000,000 appropriation for optics replacement to the legislative council for review and approval. This action is an unwarranted intrusion on executive branch responsibilities.

I am unable to approve the item designated as Section 7, subsection 3, in its entirety. This item would close out the Reversion Technology Initiatives Account on June 30, 1999. The future of the Technology Initiatives Account is a decision that should be made as a part of the budgeting process during the 1999 legislative session.

I am unable to approve the item designated as Section 9, in its entirety. This item would have the legislative council initiate a progress audit concerning the implementation of century date change programming. The Year 2000 Project Office already has a contract with an outside entity to audit the state's progress in implementing century date programming, and an additional audit is unnecessary.

I am unable to approve the item designated as Section 10, in its entirety. This item relates to the privatization of the lowAccess system for providing electronic access to government records. The meaning of the term "privatization" is unclear, however there is no question the state must retain the flexibility to contract for services when it lacks a core competency and it is cost-effective to do so. Under a contracting arrangement, the activities of the contractor remain under the direction and control of the state agency.

I am unable to approve the items designated as Sections 11, 12 and 20, in their entirety. These sections create an lowAccess advisory committee and spell out its duties and responsibilities. I strongly support the creation of an advisory committee with these duties and responsibilities. However, I cannot accept such a committee when a majority of its appointed members are appointments made by the General Assembly. Instead, through Executive Order Number 66, I am directing the Director of Information Technology Services to appoint an advisory committee with membership, duties and responsibilities, similar to what is contained in this legislation.

I am unable to approve the designated portion of Section 23. This item prohibits the ICN from making any new connections to the network after June 30, 1999, unless construction has commenced before that date. This language goes beyond video connections and may preclude the ICN from providing even the most basic service to its authorized users.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 2418 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 1225

APPROPRIATIONS — ECONOMIC DEVELOPMENT

S.F. 2296

AN ACT appropriating funds to the department of economic development, certain board of regents institutions, the department of workforce development, the public employment relations board, making related statutory changes, and providing an effective date provision.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. DEPARTMENT OF ECONOMIC DEVELOPMENT. There is appropriated from the general fund of the state and other designated funds to the department of economic